

Message Text

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ACTION NEA-12

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INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 OMB-01 SSO-00 EB-11 AID-20 DRC-01

COME-00 AGR-20 SIL-01 LAB-06 TRSE-00 /165 W

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R 271029Z DEC 73

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 1022

INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

USINT CAIRO

AMCONSUL JERUSALEM

USMISSION GENEVA

USMISSION USUN NEWYORK

C O N F I D E N T I A L SECTION 1 OF 2 TEL AVIV 10435

E O 11652: GDS

TAGS: EGEN, IS

SUBJ: ECONOMIC BURDEN OF MOBILIZATION AS FACTOR

IN ISRAEL'S POLICY MAKING

REF: TEL AVIV 9971

1. SUMMARY: IN VIEW OF FACT THAT HIGH LEVEL OF MANPOWER MOBILIZATION WILL BE REQUIRED FOR RELATIVELY LONG PERIOD OF AT LEAST SEVERAL MORE MONTHS, THINKING ABOUT ECONOMIC IMPACT OF MOBILIZATION HAS BEGUN TO APPEAR. MANPOWER WAS ALREADY SHORT BEFORE WAR, AND WAR HAS AGGRAVATED SHORTAGE. A LONG WAR HAS ALWAYS BEEN AN ISRAELI NIGHTMARE; EXTENDED HIGH MOBILIZATION IS NEAR ECONOMIC EQUIVALENT. IN SUCH A SITUATION, SHORTAGE OF MANPOWER AND LOSS OF PRODUCTION WOULD HAMPER DEVELOPMENT. WE BELIEVE ISRAEL WOULD CONSIDER IT UNACCEPTABLE FOR ITS ECONOMIC DEVELOPMENT TO BE SIGNIFICANTLY RESTRICTED BY ARABS FOR AN EXTENDED PERIOD. IF HIGH MOBILIZATION CONTINUES, EVENTUALLY
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ISRAEL'S WEIGHING OF PEACE/WAR EQUATION COULD BE AFFECTED BY

ECONOMIC BURDEN INVOLVED. INFLOW OF FOREIGN CAPITAL WILL NOT EXORCISE THIS POSSIBILITY: ISRAEL'S PRINCIPAL ECONOMIC PROBLEM IN MONTHS AHEAD WILL NOT BE FINANCIAL SO MUCH AS SHORTAGE OF REAL RESOURCES (MAINLY MANPOWER).
END SUMMARY.

2. ISRAEL DEFENSE FORCES (IDF) HAVE RECENTLY RELEASED SOME ADDITIONAL RESERVISTS FROM SERVICE, JUDGING BY MODES RESUMPTION OF CONSTRUCTION ACTIVITY, BUT SUBSTANTIAL NUMBER REMAINS MOBILIZED: BEST GUESS AT MOMENT (REFTEL) IS 175,000 MORE THAN ON OCT 5. IDF'S EXPOSED POSITION WEST OF SUEZ CANAL AND PERIODIC SYRIAN ALERTS IMPOSE LIMIT TO RELEASE OF RESERVISTS WHICH IS PAINFUL TO ISRAEL'S ECONOMY. THE LONGER ISRAEL HAS TO REMAIN AT LEVEL OF HIGH MOBILIZATION, THE MORE PAINFUL THIS IS GOING TO BECOME. SHOULD GENEVA NEGOTIATIONS HIT SNAG AND HIGH MOBILIZATION HAVE TO CONTINUE, AT SOME POINT THIS ECONOMIC FACTO-- SHORTAGE OF MANPOWER-- IS GOING TO SERIOUSLY RAISE QUESTION WHETHER WAR IS NOT PREFERABLE ALTERNATIVE.

3. IN FRONT-PAGE ARTICLES ON NOV 29 AND 30, ZE'EV SCHUL, MILITARY CORRESPONDENT OF JERUSALEM POST, ANALYZED PROBLEM. HE WROTE NOV 29 THAT IDF WOULD HAVE TO REMAIN IN STATE OF ALERT FOR AT LEAST THREE MORE MONTHS (I.E. TO END OF FEB), SINCE QUOTE A FULLY ALERT ARMY IS LIKELY TO SERVE AS AN EFFECTIVE DETERRENT TO ANOTHER SNEAK ATTACK BY THE ARAB ARMIES. UNQUOTE ON NOV 30, SCHUL ADDED: QUOTE IF NOTHING LESS THAN HEAVY MOBILIZATION WILL SERVE AS A DETERRENT, THE ARABS HAVE ALREADY ONE MAJOR ACHIEVEMENT TO THEIR CREDIT. A PERMANENT STATE OF MOBILIZATION AND TOP ALERT, EVEN IF "ONLY" 15-20 PERCENT OF ISRAEL'S WAGE EARNERS (EXCLUDING THE REGULAR ARMY FAMILY HEADS) ARE INVOLVED-- WOULD EXTEND THIS COUNTRY'S LIMITED ECONOMIC AND MANPOWER RESOURCES. IT WILL MEAN DISRUPTION OF LIFE AS WE HAVE KNOWN IT DURING THE FIRST 25 YEARS OF THE STATE. THE COUNTRY'S ENDURANCE IS LIMITED. THE ARABS KNOW IT..... THEY INTEND TO CREATE AN INTOLERABLE SITUATION COMPELLING ISRAEL EITHER TO PICK UP THE GAUNTLET AND FIGHT, OR TO NEGOTIATE ITS WAY OUT OF THIS SITUATION... THE ONE CHOICE ISRAEL HAS IS TO RECREATE AND ENHANCE THE DETERRENT IMAGE OF THE ISRAEL ARMY. THIS WOULD BE NECESSARY IF ONLY TO IMPRESS UPON THE ARAB WORLD THAT ISRAEL IS NOT NEGOTIATING FROM WEAKNESS. UNQUOTE SCHUL WENT ON TO URGE USE OF "DARING TACTICS" AND
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"DOWNRIGHT AUDACITY" IN ORDER TO QUOTE REIMPRESS ON THE ARABS THE HOPELESSNESS OF ATTEMPTING TO SOLVE THE MIDDLE EAST'S PROBLEMS BY A COMBINATION OF MILITARY-AND TIME-EROSIVE TACTICS. UNQUOTE

4. SCHUL'S COMMENTARY IS REVELATORY OF ISRAEL'S CONTINUING PREOCCUPATION WITH DETERRENCE, AND ESPECIALLY THE NECESSITY TO REFURBISH THIS NOW TARNISHED TENET OF ISRAEL'S STRATEGIC DOCTRINE. BUT HE ALSO ADDRESSES HIMSELF TO ECONOMIC

BURDEN OF EXTENDED HIGH MOBILIZATION. IT WOULD BE PUSHING SPECULATION TOO FAR TO SUGGEST HOW FAR SCHUL'S THINKING IS SHARED IN GOI AND IDF.

5. IN THIS CONNECTION YEDIOT AHARONOT DEC 27 QUOTES EGYPTIAN ARMY G-3 TO EFFECT THAT DESPITE NEGOTIATIONS AT GENEVA: QUOTE WHAT WE ARE DOING NOW IS PURSUING CAMPAIGN OF ATTRITION AGAINST THE ENEMY. FOR US (I.E. THE ARMY) THE WAR HAS NOT COME TO AN END AT ALL. UNQUOTE HE EXPLAINED THAT ADDITIONAL ISRAELI RESERVISTS WERE MOBILIZED AND THIS AFFECTS ISRAELI ECONOMY ADVERSELY. QUOTE WE DON'T WANT TO LET THE ENEMY RELIEVE THIS PRESSURE, UNQUOTE HE ADDED.

6. EVIDENCE OF HIGH-LEVEL ISRAELI ATTENTION TO PROBLEM INCLUDES DEC 25 CALL BY PRESIDENT OF MANUFACTURERS' ASSOCIATION MOSEVICS ON CHIEF OF STAFF ELAZAR TO PRESS FOR RELEASE OF OVER 1,000 KEY WORKERS IN INDUSTRY. ACCORDING TO PRESS IDF HAS RELEASED ONLY 50 KEY WORKERS WHICH MANUFACTURERS' ASSOCIATION HAD SOUGHT. FARM SETTLEMENTS ARE IN SIMILAR SITUATION. EVEN WORKERS IN WAR-ESSENTIAL AMMUNITION PLANTS HAVE NOT BEEN EXEMPTED FROM CALL-UP. ECONOMIC OUTLOOK FOR 1974 IS DEPENDENT CRITICALLY ON LEVEL OF MOBILIZATION; CURRENT PREPARATION OF NATIONAL BUDGET FORECAST INEVITABLY FOCUSES GOI'S ATTENTION ON SUBJECT.

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INFO OCT-01 IO-14 ISO-00 SAB-01 CIAE-00 DODE-00 PM-07 H-03

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FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 1023
INFO AMEMBASSY AMMAN
AMEMBASSY BEIRUT
USINT CAIRO

AMCONSUL JERUSALEM
USMISSION GENEVA
USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 2 OF 2 TEL AVIV 10435

7. WE ARE NOT TALKING HERE ABOUT COLLAPSE OF ESSENTIAL SERVICES OR INDUSTRIES DIRECTLY IN SUPPORT OF WAR EFFORT. WE EMPHATICALLY DO NOT BELIEVE THEIR CONTINUATION IS ENDANGERED. WHAT WE ARE REFERRING TO ARE WAR-NONESENTIAL INDUSTRIES LIKE THOSE PRODUCING CONSUMER GOODS (ESPECIALLY CLOTHING AND DURABLES), HOUSING, AND GOODS FOR EXPORT. FARM SETTLEMENTS ARE ALSO HARD HIT. WE WOULD EXPECT TO SEE MORE DIFFICULTIES IN THESE SECTORS IF HIGH MOBILIZATION CONTINUES. ONE EFFECT WOULD BE INCREASE IN UNEMPLOYMENT AS "NONESENTIAL" INDUSTRIES EXPERIENCED INCREASING DIFFICULTIES IN MAINTAINING PRODUCTION. LONG WAR (MR TOTAL WAR INVOLVING GEARING OF ENTIRE ECONOMY TO WAR EFFORT) HAS ALWAYS BEEN ISRAELI NIGHTMARE. WE JUDGE THAT ISRAELIS WOULD FIND IT INCREASINGLY UNACCEPTABLE FOR ISRAELI ECONOMY TO BE SIGNIFICANTLY DEPENDENT FOR LENGTHY PERIOD ON ACTIONS ARAB STATES. PRESSURES WOULD SURELY MOUNT FOR ISRAEL TO ACT TO RELIEVE PRESSURE, EITHER BY REACHING QUICK DECISION ON SUFFICIENT DISENGAGEMENT OR SEPARATION OF FORCES TO PERMIT REDUCTION IN DEGREE OF MOBILIZATION, OR BY MILITARY ACTION TO LIQUIDATE
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MILITARY THREAT THAT REQUIRES HIGH DEGREE OF MOBILIZATION. ECONOMIC BURDEN COULD NEVER BE SOLE FACTOR IN DECISION; HOWEVER POLITICAL-SECURITY FACTORS ARE NEVER LIKELY TO BE ABSENT, AND TIME COULD COME WHEN ECONOMIC FACTOR WOULD TIP THE BALANCE.

8. OF COURSE FOREGOING IS SPECULATIVE. EVEN MORE SO IS POINT IN TIME WHEN ECONOMIC BURDEN MIGHT BE DEEMED CRITICAL ELEMENT. ESPITE FREQUENT ASSERTIONS THAT HARDSHIP HAS HELPED RECREATE PIONEERING SPIRIT OF ISRAEL'S EARLY HISTORY, WE SUSPECT THAT ARRIVAL OF PERMANENT AFFLUENCE IN ISRAEL IN LAST FEW YEARS-- WHICH USG FINANCIAL ASSISTANCE HAS MADE POSSIBLE-- HAS REDUCED ISRAEL'S WILLINGNESS TO SACRIFICE, AND HAS SHORTENED TIME FRAME BEFORE ECONOMIC FACTOR BECOMES OPERATIVE. INFLOW OF FOREIGN CAPITAL WILL NOT EXERCISE THIS POSSIBILITY; ISRAEL'S PRINCIPAL ECONOMIC PROBLEM IN MONTHS AHEAD WILL NOT BE FINANCIAL SO MUCH AS SHORTAGE OF REVENUE RESOURCES, MAINLY MANPOWER, BUT INCLUDING PLANT AND EQUIPMENT.

9. WE NEED TO KEEP FOREGOING IN BACK OF OUR MINDS AS WE PROCEED. IT IS ONE MORE ARGUMENT FOR MAKING ALL DELIBERATE SPEED TOWARD PEACE SETTLEMENT. TEMPORARY ECONOMIC BURDEN IS PSYCHOLOGICALLY MORE BEARABLE IF ISRAEL CAN SEE LIGHT AT END OF TUNNEL.

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